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Thailand

Exporter Guide

Annual

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Report Highlights:

Thailand is Southeast Asia's second largest economy and during year 2002 the Thai economy grew by about 5.3 percent. The continued expansion in domestic demand coupled with the recovery in exports led to a 4.6 percent increase in import value of agro-industrial products. In 2002, the United States exported \$80 million of consumer-oriented agricultural products to Thailand.

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SECTION I: Market Overview**ECONOMIC TRENDS AND OUTLOOK**

Thailand is Southeast Asia's second largest economy and its economy grew by about 5.3 percent during 2002. The upbeat growth of 2002 was bolstered by domestic spending and also a rebound in exports of 5.8 percent. Strong intra-Asia demand, diverse export markets and a competitive presence in both the agricultural and the industrial sectors supported strong growth in manufacturing production and helped to strengthen the economic recovery process. In the private sector, the low interest rate was a major stimulus. Low interest rates at commercial banks have encouraged Thais to borrow to buy new homes, cars and other durable goods. Consumer spending accounts for more than half of gross domestic product. Additionally, the government played a pivotal role in spurring spending. The government provided incentives for the real estate sector and supported credit extension to villagers, consumers, civil servants and private companies.

Thailand is currently the 16th largest export market for U.S. agricultural products. In 2002, Thailand imported \$80 million in consumer oriented foods from the U.S., up 22 percent over 2001's \$65 million. Corresponding U.S. imports from Thailand were \$373 million, up 14 percent. Exports have been among the key engines driving Thailand's economic recovery in 2002, despite increasing concerns over the volatile global economy. Food exports represent more than three-quarters of the value of Thai agricultural and food exports, or about 17.2 percent of total export value from Thailand. The most important food export is fishery products with the major share of 43 percent of total food exports. At 20 percent, rice and grains are the second largest food export; followed by fruits and vegetables at 10 percent; meat products, mainly poultry, at 8 percent; sugar and confectionaries at 7 percent; animal feedstuffs at 5 percent; and other food products (beverages, spices, dairy products, coffee, tea and cocoa, fats and oils) at 7 percent. Recently, Thailand ranked as the world's 15th largest food exporter. Thailand is the leading exporter of frozen shrimp and canned tuna; one of the top five sugar exporters; and the main exporter for tropical fruit and baby corn. In Asia, Thailand is the second food exporter, after China, while being the top exporter of processed food. The main importing countries of agro-industrial products from Thailand are the United States (37 percent) and Japan (28 percent). The continued expansion in domestic demand coupled with the recovery in exports led to a 4.6 percent increase in import value in U.S. dollar terms. Import categories that experienced large positive growth were consumer goods, capital goods, raw materials, and semi-raw materials.

External Trade (\$Million)

Item	1999	2000	2001	2002	2002 (Jan.- Jul.)
Exports, fob	58,463	69,624	65,183	68,818	44,732
Imports, cif	49,915	62,180	61,795	64,252	41,473
Trade Balance	8,549	7,444	3,388	4,566	3,259

Per capita income increased from \$1,831 in 2001 to \$1,992 in 2002. The unemployment rate continued to trend downward, falling to a 5-year low of 1.4 percent in December 2002, compared with 1.7 percent a year earlier. Employment increased by about 1.3 percent, with the majority of jobs created in the wholesale and retail trade, construction, and tourism. For 2002, the number of employed persons averaged 34.2 million, up from 33.8 million in 2001. This rise owed significantly to the government's attempt to create jobs, for

example, through the launching of the village funds in mid-2001 and the introduction of the One-Tambon-One-Product (OTOP) project. As a result, many formerly unemployed persons re-entered the labor market and had many more opportunities to find work. The overall economic recovery also helped raise employment, especially in the industrial, construction, wholesale and retail trade, and hotel and restaurant sectors.

The Labor Force				
	2000	2001	2002	2003
Population (Thousand)	62,404.7	62,935.9	63,460.6	63,839.8
Labor Force (Thousand)	33,223.8	33,813.5	34,261.6	34,072.1
Unemployment Rate	3.6	3.3	2.4	2.9

Source: National Statistical Office

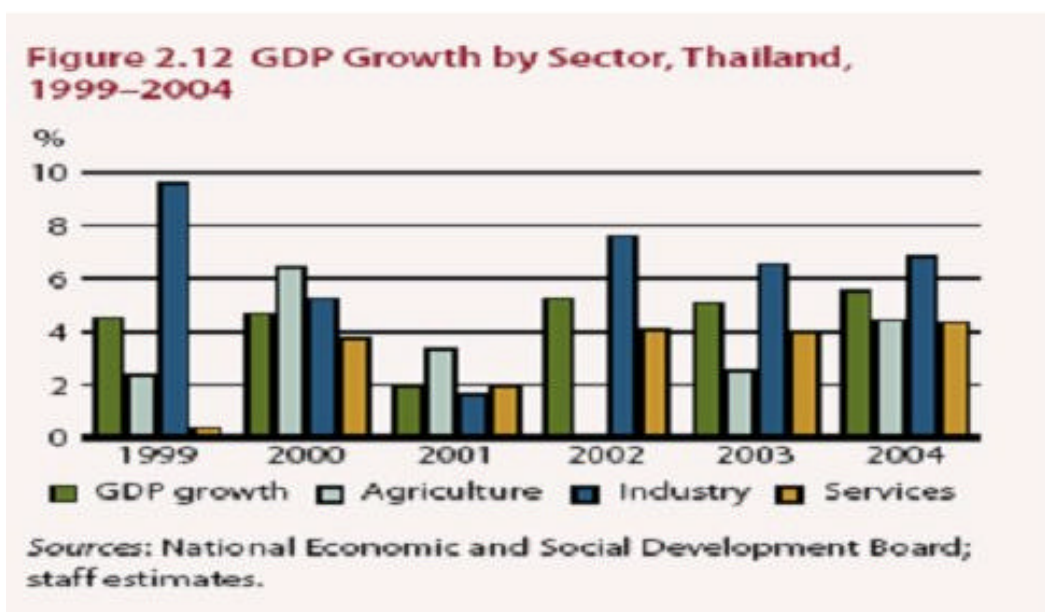
With over 323 billion Baht (US\$ 7.5 billion) in tourism revenue in 2002 representing about 6% of Thailand's GDP, the tourism industry has an important role at generating income and growth to the country. Nearly 10.8 million tourists visited Thailand (up by 7.3 percent from the previous year) and were staying longer, for about 8 days on average, in one of the world's most favorite tourist destinations. The average hotel occupancy rate was 60.7 percent. Approximately 58.0 percent of the tourists came from East Asia, with a large increase seen in the number of tourists from neighboring countries, namely Malaysia, Vietnam, Cambodia, Hong Kong and Korea. Meanwhile, tourists from Europe and the U.S. showed stable growth and accounted for 24.1 and 6.7 percent of the total number of tourists, respectively. In general, the tourism industry has recovered since the beginning of 2002 as foreign tourists became less concerned about terrorism. At the same time, this sector also benefited from the continued effort of the government to promote tourism in Thailand.

Real GDP increased by 5.3 percent in 2002 and 6.7 percent in the first quarter of 2003 (year-on-year). It is projected that Thailand's GDP growth will be around 5.5 percent this year and 6.1 percent next year. A number of factors underpin these projections. As an open economy, Thailand's prospects depend heavily on world demand conditions. Exports are expected to continue to perform strongly over the next year, based on the expectation that growth in the U.S. will pick up in the second half of 2003 and strengthen in 2004. Private consumption spending is expected to remain relatively robust in 2003-2004. The sharp pickup in consumer spending has been a major factor underlying the return to strong growth in 2002, and this is likely to continue. The low interest rate environment will probably continue to stimulate private consumption spending. Higher consumer confidence resulting from falling unemployment and rising farm and nonfarm incomes is also likely to boost consumption expenditures. The Baht firmed in 2002, with the baht reference rate averaging 42.96 to the dollar in 2002, slightly stronger than the 44.48 recorded in 2001. The monthly average rate for September 2003 strengthened to 40.60 due to the continual rebound in exports and a return to strong economic expansion.

Thailand's Gross Domestic Product (GDP) Growth 2002 – 2003 – H1

	2002	2002						2003		
		Q1	Q2	H1	Q3	Q4	H2	Q1	Q2	H1
Agriculture	0.5	2.6	0.7	1.7	0.2	-1.2	-0.7	6.5	4.1	5.4
Non-agriculture	5.8	4.0	5.6	4.8	6.2	7.4	6.8	6.7	5.9	6.3
GDP	5.3	3.9	5.1	4.5	5.8	6.2	6.0	6.7	5.8	6.2
GDP (Q/Q) (Seasonally adjusted)	5.3	1.0	1.8	2.8	1.2	2.2	3.2	1.3	0.9	2.9

Source: Thai National Economic and Social Development Board



High duties on agriculture and food products remain the major hurdle to exports of U.S. high-value food products. Duties on imported consumer-ready food products range between 30 percent and 60 percent, the highest in the ASEAN region. Tariffs on meats, fresh fruits and vegetables, and pulses (e.g. dry peas, lentils, and chickpeas) are likewise high, even for items with little domestic production. Frozen French fries, for example, are not produced in Thailand, facing a high tariff of 36 percent (WTO bound rate for 2002). When import duties, excise taxes, and other surcharges are calculated, imported wines face a total tax of nearly 380 percent. As of December 2002, the tariff on apples stood at 10 percent, while pears and cherries saw a tariff as high as 60 percent. It is estimated that potential U.S. agricultural exports to Thailand could be over \$1 billion a year if Thailand's tariffs and other trade-distorting measures were substantially reduced or eliminated and the economy recovered to pre-crisis levels.

Throughout 2002 economic stability remained strong. The inflation rate remained low at an annual average rate of 0.7 percent, even though uncertainty about war caused oil prices to fluctuate and rise.

MARKET OPPORTUNITIES

- Thailand, covering 198,114 square miles, is situated in the heart of Southeast Asia and is considered as the gateway to Indochina. Thailand borders with Lao PDR in the north and northeast, the Union of Myanmar in the north and west, the Andaman Sea in the west, Cambodia and the Gulf of Thailand in the east, and Malaysia in the south. There is a population of 63.5 million at the end of 2002. Theravada Buddhism is the national religion and is actively practiced by about 95% of Thais, with the remainder practicing Islam, Christianity, Hinduism and other faiths. About 51.83 million Thais are aged over 13 years and approximately, 31.14 million are male.
- The size of the work force now exceeds 34 million, with the majority of the workforce under 30 years of age.
- The minimum wage in Thailand is currently 169 baht per day (US\$3.93) in Bangkok, and between 133-168 baht (US\$3.10-3.91) per day in other provinces.

Minimum Daily Wage

Provinces	Baht/Day	\$/Day
Phuket	168	3.91
Bangkok, Samut Prakarn, Pathum Thani, Nakhon Pathom, and Samut Sakhon	169	3.93
Nontaburi	167	3.89
Chonburi	150	3.49
Saraburi	148	3.45
Nakonratchasima	145	3.38
Chiang Mai, Phang Nga, and Ranong	143	3.33
Rayong	141	3.28
Phra Nakhon Si Ayutthaya	139	3.24
Krabi and Ang Thong	138	3.21
Chachoengsao, Lamphun and Sukhothai	137	3.19
Khon Kaen, Buriram and Phetchaburi	136	3.17
Kanchanaburi, Kalasin, Kamphaeng Phet, Chantaburi, Chumphon, Chainat, Trad, Nakhon Panom, Narathiwat, Prachin Buri, Phetchabun, Ratchaburi, Songkla, Singbusi, Surat Thani, Nong Bua Lumphu, and Uthai Thani	135	3.14
Nakhon Nayok	134	3.12
The rest of the country	133	3.10

Source: Bank of Thailand (\$1 = 42.96 Baht)

- Literate population due to increased overseas studies, international travel, access to internet and cable TV;
- Over 10 percent of total population lives in Bangkok, which accounts for 90 percent of the sales of fast moving consumer goods;
- Most of medium and high-income people live in the major cities, including Bangkok, Phuket, Chantaburi, Chiang Mai, Chiang Rai, Chonburi, Hat Yai, Khon Kaen, Nakorn Ratchasima, Pattaya, Petchaburi, Ratchaburi, Samui Island, Surat Thani, Ubon Ratchatahni and Udon Thani.
- A stable and stronger Baht in 2002 and at the beginning of 2003 led to an increase in imported consumer-oriented food products from the U.S.
- Over the past few years, Thais living in urban areas are relatively brand conscious and their shopping styles have moved away from the traditional open-air wet markets to modern supermarkets and shopping centers which offer them convenience and a wide selection of products;
- Expansion of Retail Business, particularly, hypermarkets (e.g. Tesco-Lotus, BigC and Carrefour), modern shopping malls, convenient stores, department stores, etc;
- The demand for imported processed food and raw materials used for re-processing and re-exporting has increased as they are considered better quality than local produce;
- Due to increasing numbers of women and young labor in the work force, the introduction of ready-to-eat and prepared food items is expected to trigger major growth in the convenience food market in Thailand. Moreover, this younger population is very receptive to new food varieties;
- Growth in Thai Tourism Industry

- In 2002, the growth rate of international tourists visiting Thailand increased 7.33%, which equals to 10.8 million tourists.

Number of International Tourists Arrivals: January – December 2002

Country of Residence	2002		2001		% Change 2002/2001
	Number	%Share	Number	%Share	
East Asia	6,564,664	60.38	6,095,979	60.16	+7.69
Europe	2,475,319	22.77	2,327,680	22.97	+6.34
The Americas	650,195	5.98	613,897	6.06	+5.91
South Asia	391,371	3.60	333,936	3.30	+17.20
Oceania	427,014	3.93	430,806	4.25	-0.88
Middle East	274,878	2.53	239,200	2.36	+14.92
Africa	89,535	0.82	91,011	0.90	-1.62
Grand Total	10,872,976	100.00	10,132,509	100.00	+7.31

Source: Tourism Authority of Thailand

Tourism Indicators

	2001	2002					
	Year	Year	H1	Q3	Q4	Nov ^P	Dec ^P
1. No. of international tourists (1,000 persons)	10,062	10,779	5,326	2,569	2,865	949	1,076
% change from the same period last year	5.8	7.1	6.4	5.3	9.4	11.3	3.0
2. Income from tourism (\$ million)	7,076.90	7,729.60	3,820.40	1,914.70	1,994.50		
3. Occupancy rate (percent)	59.6	60.7	61.4	51.2	63.1	66.3	63.4

Note: P = Preliminary

Source: Tourism Authority of Thailand and Bank of Thailand

- Thailand is a major convention and incentive destination for the Asian Region. The number of arrivals for convention purposes increased from 89,677 in 2001 to 106,853, or by 19.15%, in 2002. During mid-October of this year, Thailand was the host country of the Asia Pacific Economic Cooperation (APEC) forum, which culminates in a summit of heads of state, ministers and chief executive officers from 22 countries. It is anticipated that this meeting will induce more investment from other APEC member countries and generate more business opportunities in Thailand;
- Due to the effect of U.S.-Iraq war and SARS, it is projected that, for the whole year of 2003, foreign tourist arrivals will reduced by 10.15 percent to 9.70 million, with tourism revenue being estimated at 290 billion Baht (\$6.7 billion). However, these arrivals figures will accelerate again starting in the second half of 2003 and, by the end of 2004, the number of tourists will reach 11.01 million, an increase of 13.48 percent from 2003. This is to the continual launch of various aggressive marketing campaigns by the Tourism Authority of Thailand aimed at promoting the tourism industry of Thailand, with the goal of turning the country into the tourism hub of Asia;
- High growth in the number of hotels, resorts and other tourist accommodations leads to an increase in the number of imported food items to support more tourists;
- Upper and middle-income groups in Thailand like to spend money on food, especially during the holidays, and also for daily consumption. Consumption of imported food products peak during New Year, Christmas, Chinese New Year and Thai New Year as gifts of food are given, especially consumer products such as

- coffee, tea, milk, snack food, jelly, jam, crackers, nuts, fruit juice, wine, beer, whisky, health food and fresh fruit;
- Continuous increase in number of health-conscious consumers is leading to higher demand for health and functional food and drinks;
 - Thai consumers view U.S.-origin foods and beverages as high quality and consistent products, for instance: U.S. beef, french fries, dried and fresh fruit, nuts, fruit juice, jams, and other products are always rated by local consumers as the best in the world. However, this perspective does not apply to all U.S. products as some local consumers still prefer wine from France for example;
 - Even though Thai consumers view U.S. products as high quality, they are very price conscious and susceptible to economic swings. There is a high possibility that the low and middle-income group will shift to cheaper products of acceptable quality during an economic recession.

Advantages and challenges facing US products in Thailand

Advantages	Challenges
<ul style="list-style-type: none"> - Varieties of superior U.S. high quality agricultural products from fresh to processed food. - High opportunities exist for U.S. products targeting niche markets 	<ul style="list-style-type: none"> - U.S. exporters don't know much about the Thai market and at the same time severe competition from China, Australia, New Zealand, Japan and other neighboring countries impedes the entry of U.S. products
<ul style="list-style-type: none"> - Increase of per capita income from \$1,831 in 2001 to \$1,992 in 2002 - GDP for 2003 is projected at 5.5 percent and 6.1 percent in 2004 - Increase in Thai consumers' preference for higher quality products 	<ul style="list-style-type: none"> - U.S. products are not always price-competitive compared to imports from other Asian countries due to high tariffs, shipping costs and the long distance to Thailand
	<ul style="list-style-type: none"> - The bilateral free trade agreement between Thailand and other countries, particularly China, Australia, and India, induces the import of more low-price products from these trade partners
<ul style="list-style-type: none"> - Local Thai consumers view US-origin products as high quality and safe and are confident in U.S. foods and beverages consistency 	<ul style="list-style-type: none"> - Local manufacturers can improve or change quality of products, tastes or packaging sizes according to changes in consumer behavior and can lower production cost
<ul style="list-style-type: none"> - Proliferation of retail industry. New retail outlets are expanding which allow consumers in any part of Thailand to get access to new imported products 	<ul style="list-style-type: none"> - Lack of importer and retailer knowledge and training in purchasing and handling of U.S. food products
	<ul style="list-style-type: none"> - Strong local brands which are either foreign or Thai origins in many food and beverage products e.g. Nestle, Singha Beer, etc.
<ul style="list-style-type: none"> - Eating style of Thai people is changing to include more imported food items 	<ul style="list-style-type: none"> - Lack of continuous promotion of U.S. varieties in Thai market. Exporters need to support market promotion campaigns to attract and then build new markets
<ul style="list-style-type: none"> - Increase in niche markets with higher incomes and high premium product preferences 	<ul style="list-style-type: none"> - Market penetration for imported products is concentrated in Bangkok and major tourist-destination provinces mostly
<ul style="list-style-type: none"> - The booming tourism industry is ratcheting up demand for HRI products, especially U.S. beef, turkey, seafood, wine and seasonings which can be used in American, French, Japanese and other international style restaurants 	<ul style="list-style-type: none"> - American style mass food products produced locally cost less

- Reliable supply of U.S. agricultural products and advanced U.S. food processing technology	- Thai government's policy and actions try to increase demands for Thai local products. - Food Safety concerns
- Government's policy to support the development of value-added production, this will boost the demand of food ingredients, especially new ingredients	- Some food ingredients can be produced locally
- Good relationships with foreign suppliers	- High import tariffs on high value consumer food and beverage products, especially U.S. meat products, wine, whiskies, cherries, peaches, plums, pears, French fries, etc.
- Thai importers prefer to deal with quality and reliable U.S. suppliers who are able to supply products at competitive prices	- Lack of trader and consumer awareness of U.S. products, while marketing costs to increase consumer awareness are high
- Thailand's beneficial geographical location is viewed as a gateway to the larger Indochina and other Asian markets	- Due to the high import tariffs on U.S. products, most Thai importers have shifted to import products from other Asian countries, especially Australia, China, Malaysia, Singapore, etc.

SECTION II: EXPORTER BUSINESS TIPS

The following are tips for exporters to help in dealing with Thai people. We find these tips are very helpful, and more can be found at web site:

http://www.biz-in-thailand.com/thai_tips.html We hope these suggestions will be useful for all U.S. exporters who want to export agricultural products to Thailand.

Knowing People

- When greeting a Thai, use the word Khun (pronounced coon) in place of "Mr." or "Mrs." and the person's first name, which is listed first on his or her business card. For example, a Westerner with the name "Peter Moore" would be called "Khun Peter". Among Thais, family names are not usually used. Most Thais refer to each other by their first names only. Never refer to yourself with the word Khun; simply say your first name. Thais will probably address you by using "Mr." or "Mrs." and your first name;
- Introductions: foreign companies may write directly to Thai companies, although introductions will always facilitate a firm's credibility and acceptance;
- Most Thais greet someone by bowing slightly towards them while bringing the hands pressed together in a praying position between the chest and forehead. The exact location of the hand depends on the level of respect being offered — the height and depth of a person's bow indicates social status. This gesture, known as a "wai", can be used when greeting someone on arrival and departure, and also when saying "I am sorry" or "thank you." There is no need to wai taxi drivers, secretaries, clerks, and other support or service people;
- Foreign businesses would be wise to hire a representative or agent with local connections, especially if they intend to buy from or sell to Thailand. Assess any local representative or partner's political relationship as the government is still very much involved in the private sector. Networking with government officials and/or correct authorities can be the key to doing business successfully, especially if your firm intends to do a major project. Although a local representative is often the best choice, monitor your representative closely and require measurable performance;
- Keep in mind that in most of Asia that dates are shown in day/month/year format,

ex. 5/12/99 means December 5, 1999. To avoid confusion, you may want to use the full date in correspondence;

- Try to learn a few words of the local language, especially social greetings. This shows to all your interest in the country and its culture and is considered another demonstration of your cultural sensitivity and good breeding.

Business Meetings

- Avoid business visits during the New Year Festivals (both the Chinese and Thai ones);
- Heavy traffic is the most common excuse for tardiness. Whenever possible, avoid scheduling meetings after 3:30 p.m. because locals often leave their office early to get a head start on evening rush-hour traffic;
- Business cards are always exchanged at the first meeting. It is important to carry a sufficient quantity; failure to offer a business card may make Thais suspicious of your position and authority. Be sure your card indicates your position and responsibility;
- Begin initial meetings with casual conversation on such topics as your travels, the beauties of Thailand, possibly questions about your counterpart's overseas experiences;
- Avoid topics relating to politics, the royal family, and religion. Be generous in your praise of the country and the Thai people and refrain from boasting about your country and yourself;
- Never touch or point with your feet. It is consider rude to cross your legs and point your feet at someone. Thais place a great importance on appearance and politeness. Be conscious of this and respond accordingly.

How to export your products successfully?

- It is essential to visit the market to conduct market research, especially for product testing, price comparisons, and for reviewing export statistics of the last 3-5 years;
- Localize your products: adjusting the product for local tastes, verifying consumers' preferences and setting your products' price to be very competitive;
- U.S. exporters should locate the best distribution channel (e.g. local importers, distributors, supermarkets, retailers, etc.) and establish a good relationship with them as they are very useful in facilitating and promoting exports of U.S. consumer-ready foods to Thailand;
- Trade fair participation is another way to raise awareness of your product;
- In Thailand, most large manufacturers and retailers import raw materials or products directly while medium, small manufacturers, retailers, as well as hotels, prefer to purchase products from local importers;
- Successful U.S. exporters must provide reliable product availability, consistently supplying a quality product, technical support, information support, and accurately responding to inquiries within 24 hours as Australia and New Zealand are just a phone call away in the same time zone;
- Maintain credibility by keeping promises every time, every occasion, without exception and without delay;
- Understand that there is often only one decision-maker in a company, and that person often is not the purchasing manager;
- Product Registration: Applications for product registration should be submitted to the Food Control Division, FDA. The approximate amount of time required for product registration, starting from submitting the application, is about one month. However, delays are usually caused by inaccurate or unacceptable details in the documents. There is little chance for licensing a product unless the manufacturer or exporter provides the necessary details required by the FDA;
- The product should be packed and shipped for a tropical climate and have clear

- storage instructions. This is especially important, as few cold storage or air-conditioned facilities and delivery trucks exist;
- When introducing new products, several factors should be kept in mind. Thai consumers from middle to upper income groups have an aversion to low quality products and are attracted to branded products. They also tend to be image conscious. Existing brand loyalties are most likely to be broken by new products that are of good quality, well packaged, well-distributed, well-promoted and competitively priced, rather than cheap products;
 - Be patient and think long term. It is not unusual to visit the market 2-3 times before details are finalized;
 - Study the most recent USDA FAIRS (Food and Agriculture Import Regulations and Standards) Report for Thailand. This concise document - covering food laws, labeling requirements, food additive regulations, pesticide and other contaminants, import procedure and other key regulations, requirements and specific standards-should be required reading for all exporters and is available on the internet website: <http://www.fas.usda.gov/scriptsw/attacherep> (select "Search by AGR number" and enter "TH3085" into a blank field);
 - Contact, after reviewing the foregoing, the Foreign Agricultural Service in the U.S. Embassy, Bangkok (agbangkok@fas.usda.gov) with any remaining questions on issues such as standard, tariffs, regulations, labeling, etc;

Food Shows in Thailand

Name:	<i>The International Food & Hospitality Show (IFHS) 2004</i> The 12 th International Hotel, Catering, Bakery, Food, and Retail Suppliers Exhibition.
Date:	September 8-11, 2004
Venue:	Queen Sirikit National Convention Centre, Bangkok
Total Area:	8,000 sqm.
Contact Details:	Bangkok Exhibition Services Ltd. 62 Rama VI Soi 30, Rama VI Road, Samsennai, Phyathai, Bangkok 10400 Tel. ++662 617-1475 Fax. ++662 271-3223, 617-1406/7 Email: ifhs@besallworld.com Homepage: www.besallworld.com

Name:	<i>The Food Catering Asia & Food Technology Asia (FCA & FTA 2004)</i> The 4 th International Exhibition and Conference on Food Industry
Date:	Beginning of October 2004
Venue:	Bangkok International Trade & Exhibition Centre (BITEC)
Total Area:	15,000 sqm.
Contact Details:	BITEC 8 Bangna-Trade (KM 1), Bangna, Bangkok 10260 Tel. ++662 749-3939 Fax. ++662 739-3959 Email: fca-fta@bitec.net Homepage: www.fca-fta.com

Name:	World of Food Thailand 2004 powered by Anuga in conjunction with Thaifex & Halfex 2004 The Thai Exhibition Covering Food, Food Catering, Food Technology, Hospitality Service, Retail & Franchise (New exhibition)
Date:	May 26 – 30, 2004
Venue:	IMPACT, Bangkok, Thailand
Contact Details:	Expolink Global Network Limited Mr. Phusit Sasitaranondha Tel: ++662 640-8013, Fax: +662 664-2076 E-mail: phusit@expolink.net Homepage: www.worldoffoodthailand.com

Name:	Food Ingredient Asia
Date:	September 15-17, 2004
Venue:	Queen Sirikit National Convention Centre, Bangkok
Contact Details:	Mr. Somchai Chansate CMP Media (Thailand) Co., Ltd., 41 Lertpanya Building, Suite 801, 8 th floor, Soi Lertpanya, Sri Ayuthana Road, Kwaeng Thanon Phyathai, Khet Rajathewee, Bangkok 10400 Thailand Tel: ++662 642-6911/8 Fax: ++662 642-6919/20 E-mail: somchai@thai-exhibition.com Homepage: www.fi-events.com

SECTION III: MARKET SECTOR STRUCTURE AND TRENDS

RETAIL SECTOR

Thailand's retail trade sector is a vital component of the Thai economy accounting for an 8 percent share of GDP and 4 percent of total employment. The growth of retail trade is attributable to the higher purchasing power of households as a result of the general economic recovery, better employment conditions, low inflation, and low interest rates that helped increase the extension of consumer and housing credits. Thailand's retail sector experienced a rapid increase in new investments from both local and foreign players in 2002 despite economic uncertainty. Driven by its hypermarkets and convenience stores, Thailand is the second most dynamic retail market in Asia after China. About an 8 percent increase in sales for the traditional trade sector is expected, while in the modern sector sales are seen rising 18 percent. According to AC Nielsen's annual survey, the average Thai consumer spent about \$140 per month (Baht 6,000) on retail products; this retail spending accounted for 31 percent of household income.

Retail and Wholesale Trade in Real Terms						
(Not seasonally adjusted)	2001 (Bt44.48=\$1)	2002 (Bt42.96=\$1)	2002 (H1)	2002 (Q3)	2002 (Q4)	2002 (Dec)
Retail trade (Billion baht)	960.4	1,090.4	530.6	273.3	286.5	102.2
Percentage change (yr-on-yr)	10.8	13.5	14.0	12.1	14.1	19.0
Wholesale trade (Billion baht)	1,687.7	1,832.2	861.1	474.1	497.1	163.8
Percentage change (yr-on-yr)	6.3	8.6	5.6	10.9	11.8	10.6

Note: The figures are sales values under the VAT system

Source: Bank of Thailand

Multinational retailers have dominated Thailand's modern food retail market with continued aggressive store expansion in 2000-2002, especially in the hypermarket segment. The majority of these investments have come from the leading international retail chains: UK-based Tesco with its Tesco Lotus stores; France-based Casino Group with BigC; Carrefour of France; Netherlands-based Royal Ahold (Top supermarkets) and Makro; and Belgium-based Food Lion. These modern trade companies, especially the larger firms, represent excellent opportunities for U.S. exporters of consumer food items. In 2002, trade source estimated that almost US\$ 350 million had been spent on developing new outlets and store renovations across the country, up from \$248 million in 2001. Intense competition in the retail market, particularly from these large-scale modern trades who use price strategies and loan extensions to low-income consumers, led to the closure of many traditional stores. As a result, the retail market structure continually changes, with modern retailers such as hypermarkets, supermarkets and convenience stores continuously gaining market share and traditional retailers gradually losing their position.

Overall Retail Food Market Share					
Type of Business	1999	2000	2001	2002	
Traditional Sector	70%	60%	46%	36%	
Modern Trade Sector	30%	40%	54%	64%	
Retail Outlet Expansion					
Category	1999	2000	2001	2002	2003 (F)
Convenience Store	4,500	5,500	5,700	6,000	6,500
Department Stores	112	103	108	109	109
Hypermarkets	63	77	97	113	127-130
Supermarkets	138	150	170	208	238
Specialty Stores	150	206	239	298	390

Since the beginning of 2003, hypermarket expansion in Bangkok is experiencing a decelerating of growth, given the fewer new hypermarket construction projects underway due to the difficulty in locating new business opportunities/areas for further store expansion. It is projected that retail business competition in the future will be more in the form of innovative channels to meet consumer demand; branches to cover more areas, and searching for newer and better products to offer to customers. In addition, the flow of local shoppers has been diverted from department stores, wet markets and grocery stores to hypermarkets and supermarkets. Therefore, supermarkets and hypermarkets are the best method of entry for U.S. exporters to enter Thailand's retail food market and offer a variety of quality products at competitive prices to satisfy Thai customers' desires.

Large convenience store chains like CP's 7-Eleven are recommended for selected foodstuffs. The CP group is redesigning 7-Eleven outlets to focus more on food products by raising the number of food items to be 90 percent of total products, up from 70 percent, or 1,700 items at present. The main factors U.S. exporters should consider for U.S. food products are pricing, shelf life of the product, and customer preferences. The traditional 'Mom and Pop' stores and wet markets in Thailand are not ideal entry points for U.S. exporters as price sensitivity and preferences for traditional diets by the end consumers in this sector are not a good match. U.S. exporters should be aware that many U.S. branded food products such as snack foods, candy, chocolate and breakfast cereals are present in the market as locally or regionally produced food products. The ASEAN Free Trade Area (AFTA) is one of the major factors contributing to shift in manufacturing bases.

Most of the supermarkets and hypermarkets in Thailand have their own house brands for ready-to-eat foods, ready-to-cook prepared foods, home-made bakery items, TV dinners, sausages, water, cooking oil, rice, sauces, cereals, dairy products and fruit juice. Thai consumers are moving toward these house brand items for some particular products due to their cheaper prices, especially food items when they cannot differentiate the products' value - especially items such as sugar, fish sauce, bottled water, etc. These outlets also provide space for fast food outlets, kiosks, a laundry, a florist, bookstores, a photographic store, movie rental stores and restaurants. They also have their own distribution centres to ensure product freshness and operation efficiency.

A. Supermarkets, Hypermarkets, Cash-and-Carry Outlets (As of August 2003)

Name	Ownership (Legal Entity)	Type of Business	Bangkok - No. of Outlets	Provinces - No. of Outlets	Total Number of Outlets
Makro	The Netherlands	Cash-and-carry	8	14	22
Big C, (Casino Group)	France	Hypermarket	17	18	35
Tesco (Total)	UK	Hypermarket	21	26	47
- Tesco Lotus Hypermarket			21	24	45
- Tesco Lotus Value			0	2	2
Tesco Lotus Supermarket	UK	Supermarket	1	0	0
Carrefour	France	Hypermarket	16	1	17
Tops (Total)	The Netherlands	Supermarket	35	12	47
- Tops Supercheap			26	9	35
- Tops Marketplace			7	3	10
- City Market by Tops			2	0	2
Home Fresh Mart (Total)	Thai	Supermarket	7	1	8
- Gourmet (The Emporium)			1	0	1
- Home Fresh Mart (The Mall)			6	1	7
Siam Jusco	Japan	Supermarket	10	0	10
Foodland	Thai	Supermarket	7	1	8
Tang Hua Seng (Total)	Thai	Supermarket	8	0	8
- Plus One			2	0	2
- Tang Hua Seng Minimart			6	0	6
Food Lion, (Delhaize Le Lion)	Belgium	Supermarket	36	1	37
Villa, Supermarket	Thai	Supermarket	8	0	8
Leader Price		Supermarket	4	0	4

Entry Strategy

The best method for U.S. exporters to sell to supermarkets, hypermarkets or cash and carry is to directly contact supermarkets, discount stores, hypermarkets, and cash and carry who import direct, and to contact importers and distributors. U.S. exporters should be aware that many multinational retailers in Thailand charge listing fees or a listing allowance for new products. The fee will be charged in accordance with a formula based on the number of retail outlets and SKU (stock keeping unit).

Entrance and Other Marketing Fees (Baht 42.96 = \$1.00)									
Name	No. of branches	Entrance Fee/SKU (Baht)	End Gondola Display Fee (Baht)	Activities Supporting Fees(Baht)					
				Brochure Mailing/ Rebate	Anniversary	New Branch Opening	Damaged Products	Distribution Center (DC)	
Tesco-Lotus	52	165,000	500,000	80,000	2-3%	1-3%	1-3%	0.5-1%	2-3%
BigC	35	70,000	70,000-100,000	70,000	2%	1-3%	1-3%	0.5-1%	2-3%
Carrefour	17	50,000	85,000	85,000	2-3%	1-3%	1-3%	0.5-1%	2-3%
Makro	21	90,000	70,000-100,000	130,000	1-2%	1-3%	1-3%	0.5-1%	-
Tops	48	75,000/1st SKU 25,000/2nd SKU	100,000	40,000	3.5%				
Food Lion	32	33,000	15,000	-					
Jusco*	10	3,000/SKU/Branch		30,000					
Foodland	8	100,000/SKU	24,000	15,000					
Villa	8	20,000	20,000						
7-Eleven	2,042	300,000-350,000	1-300,000					0-5%	

Source: Thansetthakit Newspaper, 14 July 2002

Remark: * Tasting Fee 3,000 Baht/Branch

Distribution Channels

The distribution channel to supermarkets, cash and carry, and hypermarkets in Thailand normally begins with importers and goes to distributors, then to a central warehouse or direct to retail outlets. The foodstuffs will be kept either in the importers' warehouse, distributors' warehouse, or a central warehouse before delivery. Some supermarkets, superstores and hypermarkets operated by multinational operators import food products directly and keep them at their own distribution centres before delivery to each outlet.

B. Convenience Stores, Gas Marts, Kiosks

Convenience Stores in Thailand				
Name	Ownership (Legal Entity)	Bangkok - No. of Outlets	Provinces - No. of Outlets	Total Number of Outlets
CP 7-Eleven	Thai	1,230	967	2,197
AM/PM (Rak Ban Kerd)	USA	closed the business		
FamilyMart	Japan			250
V Shop	Thai			200
Tesco Lotus Express	UK	9	0	9

Gas Station C-Stores in Thailand					
Rank	Name	Ownership (Legal Entity)	Outlet	C-store Name	No. of C-store (End of 2002)
1	PTT	Thai	1,500	AM/PM	100
2	Shell	Holland	800	Select	140
3	Esso	USA	800	TigerMart	350
4	Caltex	USA	600	StarMart	204
5	Bangchak	Thai	600	Lemon Green	150
6	Q-8	Kuwait	130	EveryDay	100
7	Conoco	USA	135	Jiffy	135
8	Others				90
	Total				1,269

Entry Strategy

The best method for U.S. exporters to enter this Thai market segment is to contact the head office of convenience stores, gas marts and kiosks. The major convenience stores like CP 7-Eleven, AM/PM and FamilyMart are listed at the end of this report. U.S. exporters should be aware of the listing fee or listing allowance that may be charged by large convenience store chains. The fee will be charged in accordance with a formula based on the number of outlets and SKU.

U.S. branded food sold in these C-stores is generally produced in Thailand or in neighbouring Southeast Asian countries. This group of products includes snack foods, chocolates, cookies, candies, gums and breakfast cereal. Distributors import U.S. branded food from neighbouring countries rather than from the United States because of the low cost and AFTA preferential tariffs. Trends in the sales of imported food for C-stores versus locally produced will decrease gradually from five to zero percent, in line with the purchasing power of the target group. U.S. products will be well received by Thai consumers in C-stores if price and quality is similar to what local suppliers offer.

Distribution Channels

A common distribution channel to convenience stores, gas marts and kiosks flows from U.S. exporters to U.S. consolidators and traders to Thai distributors to C-stores, gas marts and kiosk distribution centres. Some Thai distributors distribute foodstuffs directly to C-stores, gas marts and kiosk outlets. Most of the foodstuffs that are distributed directly to the outlets are fresh, including baked goods and dairy products. The flow pattern of different retailers varies depending on the sales volume and number of outlets. A key ingredient in the success of the larger retailers is control of their own distribution centers.

C. Traditional Markets

'Mom and Pop', small independent grocery stores and wet markets.

Entry Strategy

For U.S. exporters, Thai traditional wet markets are more difficult markets to enter considering the expected purchase price of products, low consumer purchasing power, the size and traditional distribution channels of the outlets, and consumer preference for traditional Thai and Chinese food.

Distribution Channels

Usually local manufacturers will have their own distributors to distribute their products. Some local producers are under supervision of a Royal Project in which the distribution is managed by assigned distributors.

Best Market Prospects

The best market prospects for U.S. suppliers include American spices, seasonings and sauces, frozen sea food (lobster, crab, crawfish, fish), beer, biscuits, breakfast cereal, canned foods, (fruit, soup and vegetables), candy, chocolate, chocolate milk mix, cola, corned beef, corn oil, dairy products (milk powder, cheese, cheese spread, cream cheese, whipped cream, sour cream, cheese sticks, cheese dip and ice-cream), dips, fresh fruits (apples, grapes, cherries, peach, plums, nectarine, blueberries, strawberry, grapefruit, oranges), frozen cake, frozen peas, fruit juices, instant coffee, jam, Mexican sauce, nuts (peanuts, walnuts, hazel nuts, macadamia nuts), peanut butter, jelly, pie filling, micro wave pop-corn, poultry, dried fruits, pickles, prunes, raisins, red meat, snack foods, syrup, tortilla chips, TV dinners, vinegar, wine, spirits and pet food.

The best selling U.S. food products are snack foods, breakfast cereal and nutritional products. Products that are not currently present in the market in significant quantities but have good sales potential are American seafood including lobster, crab, crawfish and fish, avocados, beverages, biscuits, candy, grapes, cherries, chocolate milk mix, cooking oil, cream cheese, dip sauce, chili sauce, Mexican sauce, other cooking products, peanut butter, jelly, pie filling, TV dinners, sour cream, U.S. beef, turkey and whipped cream.

Further Information

Further information on this area is available in *A Market Brief on Thailand's Retail Food Sector Report 2002* (GAIN Report #TH2116) which can be obtained from the FAS homepage at <http://www.fas.usda.gov>

HRI FOOD SERVICE SECTOR

Thailand's large HRI food service sector comprises approximately 200,000 outlets including some 100,000 restaurants and more than 5,000 hotels and resorts. Hotels, resorts, restaurants and institutional contracts are the heavy users of imported food for food preparation and ready-to-eat meals at restaurants, catering services for airlines and cruise lines. This is because this sector attract middle to higher income Thais, Thai corporate businessmen, resident expatriates and tourists. Thailand tourism is an important component of the service sector that generated last year approximately 323 billion baht (\$7.5 billion) in revenue. This industry is one of the key factors which provided the engine power for Thailand's quick economic recovery. International tourist arrivals to Thailand in 2002 reached 10.8 million compared to 10.06 million in 2001 and total income from all tourism-related business in 2002 was about Baht 323 billion (\$7.5 billion) compared with Baht 299 billion (\$7 billion) in 2001.

International Tourist Arrivals (January-July 2003)

Month	2003	2002	% Change	Average Growth
Jan.	996,260	940,653	+5.91	+5.91
Feb.	1,010,569	1,008,422	+0.21	+2.96
Mar.	861,259	967,194	-10.95	-1.65
Apr.	470,969	855,353	-44.94	-11.47
May	404,563	811,955	-50.17	-18.33
Jun.	591,164	779,349	-24.15	-19.17
Jul.	840,334	885,229	-5.07	-17.17
Aug.	-	906,804	-	-
Sep.	-	794,898	-	-
Oct.	-	863,389	-	-
Nov.	-	954,194	-	-
Dec.	-	1,105,536	-	-
Total	5,175,118	10,872,976	-	-

Source: Tourism Authority of Thailand

Income and percentage of food consumption

	Units	1999	2000	2001	2002
Per capita income	\$/capita	1,986	1,958	1,831	1,992
% of disposable income spent on food	Percent	33.3	32.2	33.9	33.6
% spent eating out	Percent	6.3	7.0	7.4	7.7

Food and beverage sales of hotels and resorts accounts for about 30% of total revenues. The average rate of imported food versus locally produced food in the entire HRI sector is 30 percent; the U.S. has approximately 20 percent of the imported product share. U.S. beef, lobster, fish, crab, seasonings, etc are well known in the hotel/restaurant trade, and with airline catering companies. Thai Airways International uses 30-40 percent imported food in their in-flight catering service.

General restaurants have been replaced by chains of restaurants such as S&P, Black Canyon, MK Suki, Seefah restaurant, etc. Sidewalk restaurants have been continually replaced by food centers and food courts which are more hygienic and more convenient. Food centers and food courts can be seen in most of the department stores and office buildings.

Fast food and chain restaurants have boomed for the last few years and are expected to continue to do so for the next few years. Currently, Thailand possesses over 900 fast food branches nationwide (KFC 300 outlets, McDonalds 95, MK Suki 122, The Pizza Company 120, Pizza Hut 99, S&P 50, Chester's Grill 78, Burger King 6, Sizzler 19, Narai Pizzeria 22, Chicken Treat 20) with this figure likely to reach around 1,000 in the future. Hot and cold

drinks including coffee and ready-to-eat foods are served in convenience stores. Hospitals, office buildings and large factories are providing more cafeterias for their staff and customers.

Restaurant Chains in Thailand

(Baht44.48=\$1 end of 2001)

Rank	Name	No. of Store (End of 1999)	No. of Store (End of 2001)	Sales (Est.) (Mil. Baht)
1	KFC	240	300	4,500
2	Mc Donalds	74	95	2,000
3	MK Suki	80	122	2,000
4	The Pizza Company	116	120	1,700
5	Pizza Hut	-	99	N.A.
6	S&P (local)	43	50	1,400
7	Chester's Grill	70	78	N.A.
8	Burger King	16	6	N.A.
9	Sizzler	11	19	320
10	Narai Pizzaria (local)	24	22	200
11	Chicken Treat	-	20	-
	Total	674	931	12,120

Entry Strategy

Direct contact with local food service importers is the best entry for U.S. exporters. Normally the hotels and resorts do not import food directly in volumes attractive to U.S. exporters. It is easier for hotels and resorts to order from food service companies because they have specialized in providing high quality U.S. products to the five-star hotel and restaurant industry. Restaurants such as fast food chains or family style restaurants, also order and purchase imported food from food service companies or from their affiliate companies who act as their distributors. Five star hotels and resorts are highly recommended for U.S. exporters. International food restaurants located in prime areas of Bangkok, Chiang Mai, Samui island, Phuket and Phi Phi island are secondary recommendations for U.S. exporters. Direct contact with Thai Airways International's catering department is highly recommended.

Best Market Prospects

Best market prospects for U.S. suppliers include American seafood such as fish, crab, shrimp, crawfish (fresh and frozen), scallop, American spices, seasonings and sauces, baking products, biscuits, breakfast cereal, canned foods (soup, fruit and vegetables), dairy products (cheese, cheese spread, cream cheese, whipped cream, sour cream, cheese dip, ice-cream, dips), fresh fruit and vegetables (radish, celery, carrots, apples, grapes, cherries, kiwi fruit, avocados, blueberries, grapefruit, oranges), frozen cake, frozen peas, fruit juice (apple, prune, orange, grape, sparkling white grape), jam and jelly, mayonnaise, Mexican sauce, nuts (peanuts, walnuts, hazel nuts, macadamia nuts), pie filling, pop-corn, preserved or dried fruits, pickles, prunes, raisins, ready-to-mix pancakes, cookies, muffins and cake, snack foods, syrup, tortilla chips, U.S. beef, U.S. poultry, vinegar, wine and whisky.

FOOD PROCESSING SECTOR

Thailand has become one of the leading food producers in the world and is the largest food exporter among all Southeast Asian countries. There are over 10,000 food processing companies in Thailand, the majority (80 percent) of which are small sized establishments and cottage industries. Among the 15 percent that are medium and large enterprises (1,234 listed companies), most are cold storage plants (20.8 percent) followed by producers of grain and cassava items (17.8 percent), frozen meat including poultry meat (10.9 percent), starch (10.0 percent), canned fruit and vegetables (7.4 percent), fat and oil (7.3 percent), sugar and honey (5.9 percent), coffee and tea (4.9 percent), canned meat and seafood (3.9 percent), snacks (3.2 percent), and others (8.3 percent).

Currently, Thailand is among the top food-exporting countries in the world. Annually, the industry imports food ingredients approximately \$1.8 billion (The U.S. accounts for about 30 percent market share), and this trend will increase in the future. Although domestic ingredients hold the greatest share of the market, these items tend to be low-value, high-volume raw and semi-processed products such as grains, vegetable oils, and starches. Higher value and more technology-based ingredients are generally not available locally and must be imported. The food ingredient market is growing continuously due to increases in population and in purchasing power; increases in the number of dual income families; and new product development.

Followings are some general characteristics of the Thai food processing industry:

- The Thai market for raw materials is growing. Raw inputs to the food processing sector are primarily supplied by Thai companies. Nevertheless, the import market for these ingredients has been growing continuously. The growth in demand for raw materials is due to the increased localized production of processed products that are in high demand and are expensive to ship long distances;
- Many Thai retail stores are modernizing and increasing their capacity in the refrigerated and frozen foods sections. In addition, modern logistics and technology are being introduced by multinational retail chains to the market;
- Major retail chains purchase directly from processed food producers;
- Increased local production of some traditionally imported foods. Snack foods, salad dressings, sauces, jams and other processed foods that are relatively inexpensive but have high freight costs will be increasingly produced locally;
- An increase in the trend of using imported ingredients for innovative products;
- A move toward higher quality ingredients. There are some companies moving towards using better quality ingredients instead of ingredients chosen on the sole basis of cost;
- High investment in capital equipment, improvements in food technology, more stringent sanitary requirements, marketing innovations, and Thai exports of finished food products all have contributed to the increasing demand for food ingredients. Major food exporters have expanded their production capacity through new machinery purchases or upgrades to meet demand for a variety of products in the major markets and to satisfy international quality standards including HACCP and ISO;

Thai Food Importing Value (2000-2002)

Rank	Product	2000 (Baht40.16=\$1)		2001 (Baht44.48=\$1)		2002 (Baht42.96=\$1)	
		Metric Ton	Million Baht	Metric Ton	Million Baht	Metric Ton	Million Baht
1	Fishery product	691,324	29,093.29	870,661	42,335.85	945,590	43,006.63
2	Oil seeds	1,356,133	12,151.72	1,411,262	13,253.92	1,576,265	15,018.54
3	Dairy products	161,588	10,040.06	162,732	12,939.18	177,928	10,182.89
4	Rice & Cereal	1,036,162	5,810.72	831,304	6,251.72	899,145	6,774.59
5	Alcoholic beverage	49,694,337	4,226.94	75,760	4,650.42	66,579	5,154.49
6	Flour & Starch	232,562	3,174.32	294,132	4,696.74	295,927	4,544.49
7	Fresh & processed fruits	65,176	2,942.16	92,691	3,938.85	110,754	4,369.25
8	Animal feeding	1,993,023	19,604.64	137,331	4,099.49	153,989	4,262.44
9	Tea coffee cocoa	21,159	1,361.28	26,934	2,173.81	32,571	3,175.25
10	Fat & Oil	58,069	1,392.65	68,459	2,222.64	76,799	2,440.96
11	Fresh & processed vegetable	45,769	1,603.16	39,770	1,479.30	83,306	1,791.81
12	Flour processed products	11,167	838.22	10,970	841.88	14,456	1,008.52
13	Condiment	7,546	932.42	7,730	778.28	7,833	764.93
14	Sugar	11,762	352.46	14,566	575.45	20,570	758.68
15	Sugar confectionery	3,458	403.97	4,250	591.71	6,133	717.78
16	Spice	11,491	403.41	13,678	513.27	19,611	646.77
17	Meat & poultry products	7,493	217.29	7,872	301.89	9,322	356.29
18	Non-alcoholic beverage	3,490,417	89.84	3,133	101.81	3,271	110.48
19	Dried bean	5,449	75.55	9,721	130.27	6,700	95.12
20	Others	59,396	6,288.82	2,168,414	29,450.45	2,216,476	27,420.70
	Total	58,963,481	101,002.92	6,251,368	131,326.93	6,723,225	132,600.61

Source: Information Service Department, National Food Institute

Fish and seafood, food chemicals, milk products, cereals, fat and oils, starches and derivatives, fresh fruit and vegetable products, and coloring were the leading volume imported food ingredients in Thailand. The larger food processors tend to be the ones which are more export-oriented, their major markets being Japan, the U.S. and the EU. Accordingly, Thailand must produce products of a quality necessary to meet international standards.

The country is a leading supplier of a wide variety of commodities and/or products including rice, rubber, cassava, sugar, seafood, poultry meat, frozen, ready-to-eat foods, and fresh hand processed fruits and vegetables. Thailand's food processing sector is heavily export-oriented with more than 50 percent of production sold outside the country. Approximately 67 percent of exports are processed seafood products. Thai food processors import large quantities of food ingredients for the food processing industry which are not available locally.

Thai Food Exporting Value (2000-2002)

Rank	Product	2000 (Baht40.16=\$1)		2001 (Baht44.48=\$1)		2002 (Baht42.96=\$1)	
		Metric Ton	Million Baht	Metric Ton	Million Baht	Metric Ton	Million Baht
1	Fishery product	1,142,602	173,273.52	1,195,664	178,223.85	1,209,706	155,665.68
2	Rice & Cereal	6,181,727	65,899.21	8,203,193	72,682.56	7,507,823	71,060.55
3	Meat & Poultry products	466,157	31,593.80	517,694	44,337.37	514,238	46,495.16
4	Fresh & Processed Fruit	1,171,347	28,585.11	1,178,241	30,739.11	1,242,319	34,581.78
5	Sugar	4,111,678	26,197.29	3,285,162	31,147.11	4,058,827	29,939.35
6	Animal feeding	230,566	11,089.52	249,665	10,668.85	328,700	12,972.88
7	Fresh & Processed Vegetable	301,677	9,916.48	324,405	11,364.55	352,956	11,780.02

8	Flour & Starch	1,211,733	8,405.08	991,271	8,513.23	977,947	8,916.05
9	Tapioca pectin	3,246,962	7,701.31	4,684,648	11,643.68	2,904,153	8,212.37
10	Flour processed products	95,463	5,501.06	101,201	6,348.49	110,817	6,588.95
11	Dairy products	51,815	2,042.89	127,336	4,451.92	224,490	6,470.40
12	Condiment	84,434	3,744.28	87,409	4,119.04	97,115	4,604.02
13	Fat & Oil	186,718	2,902.99	342,668	4,024.66	250,783	4,220.50
14	Alcoholic beverage	121,597	1,931.81	144,531	2,716.20	158,844	2,684.83
15	Sugar molasses	1,009,545	1,557.55	1,412,981	2,684.47	1,358,075	2,668.70
16	Non-Alcoholic beverage	120,918	2,910.51	4,629,987	3,300.22	87,986	2,621.02
17	Sugar confectionery	20,376	1,638.17	20,707	1,655.41	22,251	1,877.05
18	Tea coffee cocoa	70,362	2,549.63	79,549	2,233.17	24,766	1,723.66
19	Dried bean	48,585	812.59	34,188	661.46	41,886	754.65
20	Oil-cake	70,459	506.98	78,861	531.33	45,728	643.80
21	Spice	30,013	954.65	25,854	673.05	30,231	575.00
22	Oil seed	13,983	271.30	24,062	369.15	28,054	411.21
23	Yeasts & Prepared baking	-	-	557	40.50	1,539	110.67
24	Sweet potatoes	1,150	26.48	1,197	28.15	1,515	40.65
25	Cereal straw & husks	6,140	171.49	7,695	374.44	584	27.91
26	Others	286,928	8,985.85	214,933	11,174.09	263,089	12,143.38
	Total	20,282,934	399,170.00	27,963,657	444,706.00	21,844,422	427,793.00

Source: Information Service Department, National Food Institute

Thailand's processed food exports have been increasing continuously, due to a number of factors: the government's efforts to improve the quality of local industries' output to export quality; the processed food sector's efforts to raise quality and sanitation standards; and the introduction of new, ready-to-cook products, mainly for the Japanese and EU markets. Domestic processed food consumption continues to grow, following the increase in Thailand's population, accompanied by a higher proportion of processed food and beverages consumed as income and lifestyles change. Although domestic ingredients hold the largest share of the market, at the moment, these items tend to be low value, high volume, raw and semi-processed products such as grains, vegetable oils, and starches. Higher value and further processed products are generally not available locally and must be imported. All this expected expansion in the food processing industry should provide many export opportunities for U.S. exporters of food ingredients in the medium- and long- term as this market segment continues to expand.

The Thai food and beverage manufacturing industry has a broader base than many other Southeast Asian food and beverage manufacturing industries. Most of the major Thai food processing companies are also involved in exporting their products to overseas markets. Several trends are influencing the type and quality of inputs used in processed foods:

- Thailand's open trading environment has stimulated the extensive use of imported ingredients by the local food processing industry. This has enabled the industry to experiment and introduce a wide range of new processed products to the market, e.g. prepared frozen foods, processed meats, and new age beverages;
- Thai people have an increased awareness about their health and nutrition. Macrobiotic foods, vegetarian foods, and health foods have become popular in recent years. Although the scope of the healthy foods business is smaller and less advanced compared to Western countries, Thai consumers are steadily becoming more health-conscious and demanding more flavor-intensive convenient health foods. Products that emphasize reduced fat, an absence of chemical additives, and low cholesterol are becoming increasingly popular in the domestic market;
- Changes in the retail sector have driven changes in the processing sector. The trend in

the retail sector is away from small grocery stores and towards supermarkets and hypermarkets. Currently there are approximately over 100 branches of international hypermarkets in Thailand. Consumer expectations have also changed significantly. Faced with an increasingly diverse range of products, quality and price, consumers have become more demanding. In response to increasing consumer expectations, large food retailers, especially international companies, are demanding that Thai food manufacturers meet higher quality standards;

- The rapid change in consumption patterns has led Thai food processors to begin investing in ready-to-eat meals and frozen food products as well;
- The snack foods industry is also benefiting from the trend toward Western foods and more entertainment and tourist centers throughout the country. The increasing popularity of mini-marts and convenience stores are the driving force in the snack foods market. There are over 15 large manufacturers of snack foods in Thailand and a large number of small firms supply snacks to the local market. Several of the larger manufacturers are increasing exports to other Asian countries, Europe and the U.S.;
- The fast food and convenience food industry is expanding rapidly, both in the numbers of companies entering the market and in the number of outlets due to the changing life style and the booming tourist industry. Most of the major international fast food companies are represented in Thailand, including McDonalds, Burger King, Pizza Hut, KFC, 7-Eleven, etc. The rapid growth of the fast food sector is stimulating many businesses such as bakery products, dairy products, meat and poultry, etc;
- Thailand's seafood processing sector is the fourth largest in Asia after Japan, China, and India. More than 90% of its output is bound for export markets, so continual improvements in production quality are being made to maintain and expand demand. Canned and frozen products account for 80% of the output. The leading products are canned tuna, frozen prawns, squid, and assorted fish.

Entry Strategy

The most effective way for U.S. food ingredients exporters to enter the Thai market is to appoint a reputable and experienced local importer or distributor. Local firms usually have a good understanding of the market and know how to make direct contact with importers, end users, government officials and other key contacts. A good local importer/distributor can also provide valuable support in arranging meetings and promotional events, translating technical information, placing advertisements in local trade publications and other marketing and sales activities. Trade shows are also effective ways to promote new products. Food Ingredients Asia, the Thailand Food Fair, and other shows, both in Thailand and Singapore, are usually well attended by Thai food companies.

U.S. market development cooperators are also active in Thailand and other Southeast Asia countries. These groups offer many marketing opportunities for U.S. firms, including trade team visits, technical seminars, local promotional events, and other activities. Cooperators with active programs in Thailand and other regional countries include the U.S. Grains Council, U.S. Meat Export Federation, U.S. Poultry & Egg Export Council, U.S. Dry Pea and Lentil Council, U.S. Dairy Export Council, various U.S. fruit and nut associations, as well as several state and regional groups such as WUSATA, EUSAFEC, SUSTA, and MIATCO.

Best Market Prospects

The best market prospects for food processing include maize, soybeans, cereals, food chemicals and additives, emulsifiers and enzymes, essential oils, flavorings, meat, nuts and dried fruits, lactose, whey and skim milk powder.

Distribution System

In Thailand, the distribution channel for retailers, hotels, restaurants, institutional contractors and food processors is very similar. The distribution channel to supermarkets and hypermarkets in Thailand normally begins from importers to distributors to a central warehouse or direct to retail outlets. The foodstuffs will be kept either in the importers' warehouse, distributors' warehouse or central warehouse before delivery. Besides the above, the principal and manufacturer can also deliver food products directly to their distributor.

A common distribution channel to convenience stores, gas marts and kiosks flows from U.S. exporters to U.S. consolidators and traders to Thai distributors to C-stores, gas marts and kiosk distribution centers. Some Thai distributors distribute foodstuffs directly to C-stores, gas marts and kiosk outlets. Most of the foodstuffs that are distributed directly to the outlets are fresh, including dairy products. The flow pattern of different retailers varies depending on the sales volume and number of outlets. A key ingredient in the success of the larger retailers is the control of their own distribution center.

Food processing generally is distributed through two main channels. The first is via traditional importers, who re-sell to local distributors or distribute through their own marketing and delivery network to end-users. As Thailand's food processing industry has grown and become more sophisticated over the past decade or more, end-users are increasingly importing directly from foreign supplies. This is especially true for large, integrated food processors, which export many of their products and are well oriented to international trade.

SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS

Thailand Imports and US share of Top 50 Food and Fishery Imports

RANK	PRODUCT	2001				2002				
		TOTAL IMP VALUE (US\$)	US IMPORTS VALUE (US\$)	% SHARE	U.S. Growth Rate (%)	TOTAL IMP VALUE (US\$)	US IMPORTS VALUE (US\$)	% SHARE	Mkt. Growth Rate (%)	U.S. Growth Rate (%)
1	TUNA	427,522,559	5,534,618	1%	125%	438,026,555	2,672,890	1%	12%	-34%
2	POWDER MILK & CREAM	212,563,932	6,151,733	3%	116%	177,459,330	6,073,071	5%	15%	85%
3	WHISKIES	70,180,758	1,499,123	1%	19%	71,899,012	1,008,070	1%	-12%	-18%
4	SALMON(FROZEN, FRESH, CHILLED)	37,953,063	8,418,793	33%	10%	42,370,754	3,900,337	21%	12%	-31%
5	APPLE (FRESH)	44,473,999	16,591,261	27%	14%	39,867,674	11,744,644	23%	-6%	-21%
6	MILKFOOD FOR INFANTS	41,785,023	123,241	0%	-25%	31,682,425	204,002	0%	-17%	94%
7	CRABS	31,558,132	3,093,904	9%	-32%	25,085,578	1,152,405	4%	-12%	-66%
8	CHOCOLATE & FOOD PREP. WITH COCOA	11,949,606	2,212,171	14%	22%	17,238,453	2,942,834	15%	32%	39%
9	SUGAR CONFECTIONERY	13,303,805	200,671	1%	23%	16,708,202	157,785	1%	44%	-21%
10	CANNED PEACH	3,924,379	1,217,138	31%	454%	12,439,228	687,620	5%	216%	-52%
11	DOG&CAT FOOD	10,058,015	4,007,577	24%	-59%	11,666,289	4,104,741	22%	10%	1%
12	COD	7,004,183	828,529	13%	-16%	11,449,293	1,041,264	10%	66%	35%
13	INSTANT COFFEE	11,465,391	359,936	1%	51%	9,629,741	3,472	0%	-61%	-99%
14	OTHER SAUCES & PREP	7,126,406	1,206,388	29%	80%	7,540,300	1,564,162	31%	18%	23%
15	FRENCH FRIES	6,885,286	4,816,316	71%	3%	7,351,777	5,031,943	70%	11%	9%
16	GRAPES, FRESH	6,293,324	3,863,484	58%	14%	7,046,413	3,999,320	51%	18%	3%
17	WINE	6,594,073	531,759	6%	-22%	6,942,750	247,996	4%	-4%	-35%
18	CHEESE & CURD	6,997,434	691,062	7%	70%	6,709,269	348,814	4%	-6%	-51%
19	FRUIT & VEG JUICE	11,042,781	3,194,048	18%	53%	4,542,731	835,426	12%	-51%	-69%
20	BREAKFAST CEREAL	3,245,437	154,932	4%	-23%	4,517,366	97,606	1%	39%	-44%
21	PEARS & QUINCES	1,742,347	23,110	1%	998%	3,531,404	496	0%	127%	-96%
22	SOUPS & BROTHS & PREPARATION	2,713,804	748,351	51%	-23%	3,369,846	744,757	47%	5%	-2%
23	POPCORN (READY TO EAT)	2,390,560	1,276,044	53%	N/A	3,306,763	1,218,723	36%	32%	-11%
24	MEAT OF BOVINE ANIMALS (FRESH/CHILLED/ FROZEN)	2,442,928	577,513	25%	3%	2,692,858	654,649	26%	16%	19%
25	DRIED PEAS, BEANS,LENTILS	2,928,931	210,791	1%	-5%	2,202,063	171,361	2%	-31%	25%
26	JAMS, FRUIT JELLIES (2007)	2,187,838	735,779	25%	-26%	1,840,850	765,390	38%	-29%	8%
27	BEER	1,097,582	70,992	7%	87%	1,727,027	53,806	2%	197%	1%
28	ALMONDS, FRESH/DRIED	1,505,198	1,455,574	96%	16%	1,658,351	1,589,741	95%	3%	2%
29	CORN (RAW)	1,642,296	1,101,788	42%	-17%	1,550,084	875,656	42%	-26%	-27%
30	ICE CREAM	1,185,331	463,060	30%	-2%	1,502,896	263,820	13%	19%	-49%
31	INSTANT TEA	1,518,616	1,452,609	92%	325%	1,227,776	1,104,734	87%	-41%	-44%
32	TOMATO KETCHUP & OTHER TOMATO SAUCES	1,148,410	363,964	23%	50%	969,331	504,722	43%	-21%	47%
33	COFFEE	746,966	449,111	61%	13%	750,459	580,739	72%	-9%	7%
34	OTHER NUTS INC MIXTURES	397,560	156,769	33%	33%	677,980	239,404	31%	130%	114%
35	PISTACHIOS, FRESH/DRIED	629,683	457,304	61%	77%	622,655	497,459	69%	4%	18%
36	MUSTARD FLOUR & MEAL&PREPARED MUSTARD	762,649	243,951	55%	13%	602,362	256,358	50%	-4%	-14%
37	SARDINES	499,866	29,616	6%	1%	493,836	55,560	11%	-20%	51%
38	SCALLOPS/CLAMS	541,557	50,453	6%	-10%	467,823	42,224	3%	140%	-4%
39	ORANGE (MANDARIN,TANGERINE, SATSUMA)	584,096	133,053	22%	-20%	426,761	111,774	22%	-9%	-10%
40	CHAMPAGNE	479,707	-	0%	-100%	391,355	-	0%	46%	0%
41	CHERRIES (FRESH)	245,995	207,453	85%	-13%	339,370	167,209	50%	31%	-23%
42	RAISINS	282,260	277,513	98%	22%	248,075	223,170	90%	-6%	-13%
43	DOG FISH & OTHER SHARKS	170,404	144,973	82%	-21%	163,326	99,250	62%	-1%	-26%
44	SAUSAGES & SIMILAR PRODUCTS OF MEAT	197,409	3,681	5%	117%	133,381	2,003	4%	-51%	-57%
45	GROUND NUTS	235,141	217,956	93%	-40%	118,101	71,470	30%	-25%	-76%
46	PLUMS AND SLOES	148,462	94,108	62%	-13%	81,111	56,314	74%	-51%	-42%
47	TURKEY & CUT OFFALS F/F PEACHES, INCL	45,141	45,141	100%	-15%	72,267	72,267	100%	46%	46%
48	NECTARINES	28,839	8,967	22%	2581%	65,521	5,288	4%	424%	-12%
49	ALMOND (ROASTED)	5,528	4,785	81%	-86%	2,750	2,037	38%	-11%	-58%
50	GRAPEFRUIT, FRESH/DRIED	188	-	0%	-100%	771	771	100%	435%	435%

Remark: Exchange Rate 2001: Baht 44.48=\$1
Exchange Rate 2002: Baht 42.96=\$1

SECTION V. TARIFF TABLE

	PRODUCT	HARMONIZED CODE	QUOTA	GENERAL RATE		TARIFF (WTO)					
						2002		2003		2004	
				(%)	Volume	(%)	Volume	(%)	Volume	(%)	Volume
1	BEEF (Fresh and Frozen)*	0201		60		52		51		50	
		0202									
2	BEEF OFFALS*	0206.100.007		60		36		33		30	
3	MEAT OF SWINE	0203.290.000		60		36		33		30	
4	MEAT OF SHEEP/LAMB	0204		60		34		32		30	
5	TURKEY	0207.24-0207.27		60		36		33		30	
6	SALMON, TUNA, COD, SARDINES MACKEREL AND OTHER FISH	0303		60		5		5		5	
7	CRABS	0306.140.001		60		5		5		5	
8	SCALLOPS	0307.210.006		60		5		5		5	
		0307.290.003									
9	POWDER MILK & CREAM	0402									
	-In powder/granules/other solid forms	0402.100.007	✓	5		5		5		5	
			x			220.8		218.4		216.0	
	-For Infant feeding	0402.211.006		5		8		6.5		5	
10	CHEESE & CURD	0406		60	Bt.20/kg	36	Bt.12/kg	33	Bt.11/kg	30	Bt.10/kg
11	DRIED PEAS, BEANS, LENTILS	0713		60		44		42		40	
12	ALMONDS, FRESH/DRIED IN SHELL & SHELLED	0802.110.001		10	Bt.8.50/kg	44	Bt.36.80/kg	42	Bt.35.15/kg	40	Bt.33.50/kg
		0802.120.002									
13	WALNUTS	0802.310.005		10	Bt.8.50/kg	44	Bt.36.80/kg	42	Bt.35.15/kg	40	Bt.33.50/kg
		0802.320.006									
13	PISTACHIOS, FRESH/DRIED	0802.500.008		10	Bt.8.50/kg	44	Bt.36.80/kg	42	Bt.35.15/kg	40	Bt.33.50/kg
14	ORANGE	0805.200		60	Bt.50/kg	44	Bt.36.80/kg	42	Bt.35.15/kg	40	Bt.33.50/kg
15	GRAPEFRUIT, FRESH/DRIED	0805.400.002		60	Bt.50/kg	44	Bt.36.80/kg	42	Bt.35.15/kg	40	Bt.33.50/kg
16	GRAPES, FRESH	0806.100.002				36	Bt.30.00/kg	33	Bt.27.50/kg	30	Bt.25.00/kg
17	RAISINS	0806.200.004		30	Bt.25.00/kg	36	Bt.30.00/kg	33	Bt.27.50/kg	30	Bt.25.00/kg
18	APPLE (FRESH)	0808.100.003		10	Bt.3.00/kg	36	Bt.15.00/kg	33	Bt.13.75/kg	30	Bt.12.50/kg
19	PEARS & QUINCES	0808.200.005		60	Bt.30.00/kg	36	Bt.30.00/kg	33	Bt.27.50/kg	30	Bt.25.00/kg
20	CHERRIES (FRESH)	0809.200.000		60	Bt.50.00/kg	44	Bt.36.80/kg	42	Bt.35.15/kg	40	Bt.33.50/kg
21	PEACHES, INCL. NECTARINES	0809.300.002		60	Bt.50.00/kg	44	Bt.36.80/kg	42	Bt.35.15/kg	40	Bt.33.50/kg
22	PLUMS AND SLOES	0809.400.004		60	Bt.50.00/kg	44	Bt.36.80/kg	42	Bt.35.15/kg	40	Bt.33.50/kg
23	COFFEE	0901	✓	40	Bt.4.00/kg	30		30		30	
			x			92		91		90	
24	CORN (RAW)	1005.900.000		-	Bt. 2.75/kg	-	Bt. 2.75/kg	-	Bt. 2.75/kg	-	Bt. 2.75/kg
25	SUNFLOWER/SUFLOWER OIL (EDIBLE)	1512.191.006		30	Bt.5.50/l.	27.6	Bt.5.11/l.	27.3	Bt.5.06/l.	27	Bt.5.00/l.
26	SAUSAGES	1601		30	Bt.25.00/kg	36	Bt.30.00/kg	33	Bt.27.50/kg	30	Bt.25.00/kg
27	SUGAR CONFECTIONERY	1704.100.007		30	Bt.25.00/kg	44	Bt.36.80/kg	42	Bt.35.15/kg	40	Bt.33.50/kg
		1704.900.001									
28	CHOCOLATE & FOOD PREP. WITH COCOA	1806		10	Bt.9.00/kg	44	Bt.36.80/kg	42	Bt.35.15/kg	40	Bt.33.50/kg

	PRODUCT	HARMONIZED CODE	QUOTA	GENERAL RATE		TARIFF (WTO)					
						2002		2003		2004	
				(%)	Volume	(%)	Volume	(%)	Volume	(%)	Volume
29	MILKFOOD FOR INFANTS	1901.101.009	✓	5		9		9		9	
30	BREAKFAST CEREAL	1904.10		30	Bt.25.00/kg	31.4	Bt.26.19/kg	25.7	Bt.21.43/kg	20	Bt.16.67/kg
31	Popcorn (Ready-to-Eat)	1904.900.003		30		44		42		40	
32	FRENCH FRIES	2004.100.007		30	Bt.25.00/kg	36	Bt.30.00/kg	33	Bt.27.50/kg	30	Bt.25.00/kg
33	JAMS, FRUIT JELLIES	2007		30	Bt.25.00/kg	36	Bt.30.00/kg	33	Bt.27.50/kg	30	Bt.25.00/kg
34	GROUND NUTS	2008.110.004		30	Bt.25.00/kg	36	Bt.30.00/kg	33	Bt.27.50/kg	30	Bt.25.00/kg
35	OTHER NUTS INC MIXTURES	2008.190		30	Bt.25.00/kg	36	Bt.30.00/kg	33	Bt.27.50/kg	30	Bt.25.00/kg
36	ALMOND (ROASTED)	2008.190.014		30	Bt.25.00/kg	36	Bt.30.00/kg	33	Bt.27.50/kg	30	Bt.25.00/kg
37	CANNED PEACH	2008.700.004		30	Bt.25.00/kg	36	Bt.30.00/kg	33	Bt.27.50/kg	30	Bt.25.00/kg
38	FRUIT & VEG JUICE	2009		30	Bt.10.00/kg	44	Bt.14.72/l	42	Bt.14.06/l	40	Bt.13.40/l
39	INSTANT COFFEE	2101.110.010	x	60		40		40		40	
		2101.120.010									
						50		49.6		49	
40	INSTANT TEA	2101.200.016		30		44		42		40	
41	TOMATO KETCHUP	2103.200.004		30	Bt.7.50/kg	36	Bt.9.00/kg	33	Bt.8.25/kg	30	Bt.7.50/kg
42	MUSTARD	2103.300.006		30	Bt.12.50/kg	36	Bt.15.00/kg	33	Bt.13.75/kg	30	Bt.12.50/kg
43	OTHER SAUCES & PREP	2103.909.099		30	Bt.7.50/kg	44	Bt.11.04/kg	42	Bt.10.55/kg	40	Bt.10.05/kg
44	SOUPS & BROTHS & PREPARATION	2104.100.008 2104.200.004		30	Bt.5.00/kg	31.4	Bt.5.36/kg	25.7	Bt.4.43/kg	20	Bt.3.50/kg
45	ICE CREAM	2105.000.001		30		44		42		40	
46	BEER	2203.000.001		60	Bt.25.00/l	62	Bt.25.8/l	61	Bt.25.4/l	60	Bt.25.00/l
47	CHAMPAGNE	2204.100.104		60	Bt.20.00/l	55.2	Bt.18.4/l	54.6	Bt.18.2/l	54	Bt.18.00/l
48	OTHER SPARKLING WINES	2204.100.907		60	Bt.20.00/l	55.2	Bt.18.4/l	54.6	Bt.18.2/l	54	Bt.18.00/l
49	WINE	2204.210.001		60	Bt.20.00/l	55.2	Bt.18.4/l	54.6	Bt.18.2/l	54	Bt.18.00/l
		2204.290.009									
50	WHISKIES	2208.300.004		60	Bt.120.00/l	62	Bt.124/l	61	Bt.122/l	60	Bt.120/l
51	DOG&CAT FOOD	2309.100.108		10		9.2		9.1		9	
		2309.100.905									

Remark: *Inspection fee by Livestock Department is equal to Baht5/kg. for beef and Baht20/kg. for offals

SECTION VI. KEY CONTACTS AND FURTHER INFORMATION**A) MAJOR REGULATORY AGENCIES****FOOD AND DRUG ADMINISTRATION, MINISTRY OF PUBLIC HEALTH****Import License, Product Registration and Label Approval**

Director (Ms. Suchitra Setha-udom)
Food Control Division
The Food and Drug Administration
Tivanont Road, Muang
Nonthaburi 11000
Tel. (662) 590-7178
Fax (662) 591-8460
E- mail: schitra@fda.moph.go.th

Food Products from Animals

The Food and Drug Administration
Tivanont Road, Muang
Nonthaburi 11000
Tel. (662) 590-7207/8
E- mail: food@fda.moph.go.th

Food Products from Plants

The Food and Drug Administration
Tivanont Road, Muang
Nonthaburi 11000
Tel. (662) 590-7023
E- mail: food@fda.moph.go.th

Chemicals and Food Additives

The Food and Drug Administration
Tivanont Road, Muang
Nonthaburi 11000
Tel. (662) 590-7209, 590-7219
E- mail: food@fda.moph.go.th

Food for Special Purposes and Food Supplement

The Food and Drug Administration
Tivanont Road, Muang
Nonthaburi 11000
Tel. (662) 590-7205, 590-7098
E- mail: food@fda.moph.go.th

Other Food Products

The Food and Drug Administration
Tivanont Road, Muang
Nonthaburi 11000
Tel. (662) 590-7220
E- mail: food@fda.moph.go.th

Food Inspection

Inspection Division
The Food and Drug Administration

Tivanont Road, Muang
Nonthaburi 11000
Tel. (662) 590-7323
Fax (662) 591-8477
E- mail: food@fda.moph.go.th

DEPARTMENT OF MEDICAL SCIENCES, MINISTRY OF PUBLIC HEALTH

Food Analysis
Food Analysis Division
Department of Medical Sciences
Soi Bumratnaradul Hospital
Muang, Nonthaburi 11000
Tel. (662) 951-0000 Ext. 9561
Fax (662) 951-1023

DEPARTMENT OF FOREIGN TRADE, MINISTRY OF COMMERCE

Import Control
Commodity Trade Division
Department of Foreign Trade
Sanam Bin Nam-Nonthaburi Road
Nonthaburi 11000
Tel. (662) 547-4737
E- mail: cddft@moc.go.th

Commodity Division I
Department of Foreign Trade
Sanam Bin Nam-Nonthaburi Road
Nonthaburi 11000
Tel. (662) 547-4801

Grain Division
Department of Foreign Trade
Sanam Bin Nam-Nonthaburi Road
Nonthaburi 11000
Tel. (662) 5474820

DEPARTMENT OF LIVESTOCK, MINISTRY OF AGRICULTURE AND COOPERATIVES

Animal Quarantine (Livestock and Carcasses)

Director
Animal Quarantine Inspection Services
Department of Livestock Development
Phyathai Road
Bangkok 10400
Tel. (662) 653-4444 Ext. 4110
Fax (662) 653-4865
E- mail: dcontrol8@dld.go.th

Bangkok Seaport Animal Quarantine Station
Klong Toey Port
Bangkok 10110
Tel. (662) 249-2112
Fax (662) 249-4358

Bangkok Airport Animal Quarantine Station
Don Muang
Bangkok 10900
Tel. (662) 535-1546
Fax (662) 535-1210

DEPARTMENT OF FISHERIES, MINISTRY OF AGRICULTURE AND COOPERATIVES

Marine Animals

Chief of Fisheries Administration & Management Section
Fisheries Resources Conservation Division
Department of Fisheries
Kasetsart University, Chatuchak
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DEPARTMENT OF AGRICULTURE, MINISTRY OF AGRICULTURE AND COOPERATIVES

Plant Quarantine

Plant Quarantine Subdivision
Agricultural Regulatory Division
Department of Agriculture
Chatuchak, Bangkok 10900
Tel. (662) 940-6573, 940-6670 Ext. 108
Fax (662) 579-4129
E- mail: ard@doa.go.th

Plant Quarantine Control Post
Cargo Building
Donmuang Airport
Bangkok 10900
Tel. (662) 535-1435
Fax (662) 523-6622
E- mail: ard@doa.go.th

EXCISE DEPARTMENT, MINISTRY OF FINANCE

License of Alcoholic Beverages

License Subdivision
Bureau of Tax Administration 1
Excise Department

1488 Nakhon Chaisri Road
Bangkok 10300
Tel. (662) 243-0525

DEPARTMENT OF INTELLECTUAL PROPERTY, MINISTRY OF COMMERCE

Application for Patent and Trademark
Services and Information Division
Department of Intellectual Property
338 Rachadapisek Road
Huay Kwang, Bangkok 10320
Tel. (662) 275-4854
Fax (662) 276-0061

CUSTOMS DEPARTMENT, MINISTRY OF FINANCE

Import Formalities
Import Formalities Division
Customs Department
Klong Toey, Bangkok 10110
Tel. (662) 249-4266, 671-5250
Fax (662) 249-4297

Legal Affairs
Legal Affairs Bureau
Customs Department
Klong Toey, Bangkok 10110
Tel. (662) 671-7560 Ext. 9310, 9311
Fax (662) 671-7626

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Director
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National Bureau of Agricultural Commodity and Food Standards
Ministry of Agriculture and Cooperatives
22th Floor, LPN 1 Building
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7 th Fl., Kian Gwan Building 1
140 Wireless Road
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Tel. (662) 251-9266/7, 251-1605, 651-4473
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U.S. DAIRY EXPORT COUNCIL

Southeast Asian Representative Office
U.S. Dairy Export Council
Pacrim Associates Limited
11/14 Soi Ruam Rudee
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Bangkok 10330
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Fax (662) 689-6314
E- mail: usdec@pacrimassociates.com

U.S. DRY PEA AND LENTIL COUNCIL

AgriSource Co.,Ltd.
No. 416, 4 th Fl., Ambassador's Court
76/1 Soi Langsuan
Ploenchit Road
Bangkok 10330
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Fax (662) 251-0390
E- mail: agsource@loxinfo.co.th

AMERICAN SOYBEAN ASSOCIATION

Thailand Representative
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Ladprao 71 Road
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Fax (662) 539-5256
E- mail: asathai@loxinfo.co.th

REGIONAL CONTACTS WHO ALSO COVER THAILAND:**AMERICAN SOYBEAN ASSOCIATION (SINGAPORE)**

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USA POULTRY & EGG EXPORT COUNCIL

#15-04 Liat Towers
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Singapore 238881
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Fax: 656-737-1727
E- mail: usapeec_sing@pacific.net.sg

U.S. MEAT EXPORT FEDERATION

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541 Orchard Road
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Tel: 656-733-4255-6
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E- mail: singapore@usmef.com.sg

U.S. WHEAT ASSOCIATES

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WINE INSTITUTE OF CALIFORNIA

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UNITED STATES POTATO BOARD

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**CALIFORNIA PISTACHIO COMMISSION
CALIFORNIA TABLE GRAPE COMMISSION
CALIFORNIA TREE FRUIT AGREEMENT**

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C) RETAILERS**SIAM MAKRO COMPANY LTD.**

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Klongchan, Bangkok
Bangkok 10240, Thailand
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Fax. +662 375-8866
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Fl 7 Uninvest Building
89/36 Rajadamri Road
Lumpini, Pathumwan
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Tel. +662 655-0666
Fax. +662 655-5801-2
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EK-CHAI DISTRIBUTION SYSTEM CO., LTD (LOTUS SUPERCENTER)

Modernform Tower
699, Srinakharin Rd, Suanluang
Bangkok 10250, Thailand
Tel. +662 722-9640
Fax. +662 722-9637
Contact person: Mr Mike Raycraft, CEO

CRC AHOLD CO., LTD (TOP SUPERMARKET)

6th-7th Floor Central Plaza Office Tower
1693 Paholyothin Road
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Bangkok 10900
Tel. +662 937-1700
Fax. +662 937-1711
Contact person: Patcharee Pornananrat, AVP/Buying & Merchandising-Groceries

CEN CAR LTD (CARREFOUR MERCHANDISE)

14th Floor Q. House Sathorn Building
11 South Sathorn Road, Tungmahamek,
Sathorn, Bangkok 10120
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Fax. +662 677-3354-5
Contact person: Mr. Emmanuel Gaches, National Fresh Manager

THE MALL GROUP (THE MALL)

1988/2 Ramkhamhaeng Road
Huamark, Bangkok
Bangkok 10240, Thailand
Tel. +662 310-1000 / 318-8925
Fax. +662 315-6605 / 318-8923 / 310-1769
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SIAM JUSCO

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Fax. +662 970-1823-4
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Fax. +662 663-4532, 663-4536
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SIAM PARAGON DEVELOPMENT CO., LTD.

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Rama I Road, Pathumwan
Bangkok 10330
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Fax. +662 658-3030
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FOODLAND SUPERMARKET CO., LTD

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Fax. +662 539-0837
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TANG HUA SENG DEPARTMENT STORE

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Fax. +662 434-6057
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4/1-4/2 World Trade Centre
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Fax. +662 255-9808, 255-9716
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CHIANG MAI BIGC (2001) CO., LTD.

208 Moo 3, T. Thasala
Ampur Muang, Chiang Mai 50000
Tel. +6653 262-300
Fax. +6653 262-380
Contact person: Mr. Songsiri Tachaboon, Manager Director

FOOD LION SUPERMARKET CO., LTD

55/5 Moo1, Srinakrarin Rd.
Nongborn, Praves
Bangkok 10260 Thailand
Tel. +662 721-5580-98, 721-3399 (Direct Line)
Fax. +662 721-3420
Contact person: Mr. Marc Debussche, Director

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2nd Fl., Food Lion Supermarket
55/5 Moo1, Srinakrarin Rd.
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Bangkok 10260 Thailand
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VILLA MARKET JP CO., LTD

591/1, 4-5 Sukhumvit Rd
Klongton, Klongtoey
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Tel. +662 662-1000
Fax. +662 258-9292
Contact person: Mr Surapong Poosanakhom, Managing Director or
Mr. Pisit Poosanakhom, Executive Director

CENTRAL DEPARTMENT STORE LTD. (MARKS & SPENCER)

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Fax. +662 655-7477-8
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313 CP Tower, 20th Fl.
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Fax. +662 638-2998
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SIAM FAMILYMART

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Fax. +662 255-8573

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POST CONTACT AND FURTHER INFORMATION

The Foreign Agricultural Service in Bangkok maintains up-to-date information covering food and agricultural import opportunities in Thailand and would be pleased to assist in facilitating U.S. exports and entry to the Thai market. Questions or comments regarding this report should be directed to the Foreign Agricultural Service in Bangkok at the following local or U.S. mailing address:

Local:

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Bangkok 10330
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Fax. +662-255-2907
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Home page: <http://www.fas.usda.gov>

U.S. Mail:

Office of Agricultural Affairs
U.S. Embassy,
Box 41
APO AP 96546

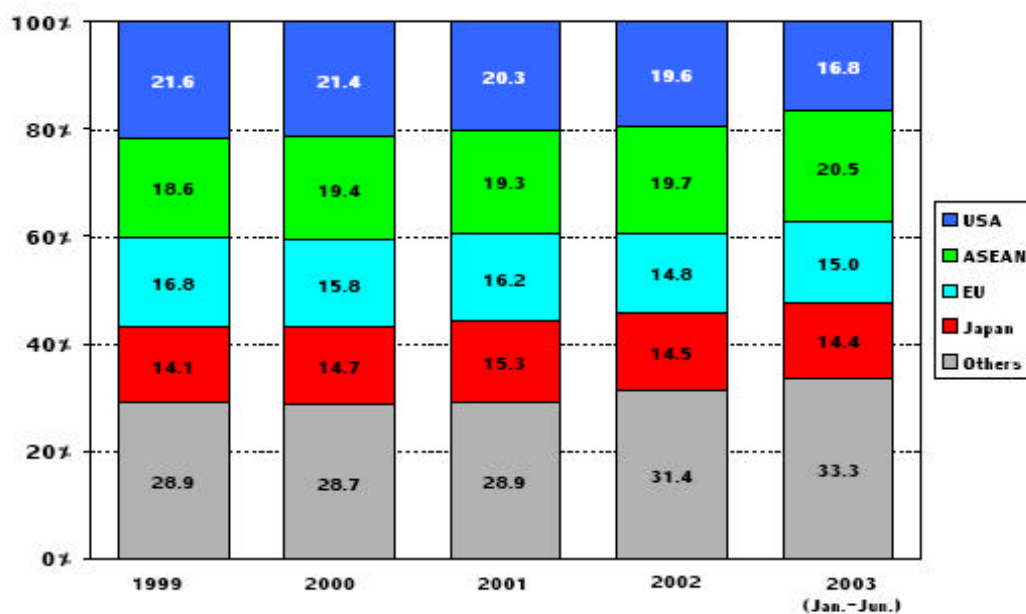
End of Report.

APPENDIX I. STATISTICS

	1997	1998	1999	2000	2001	2002	2003e
A: Population/Demographic⁽²⁾							(Jan-June)
Population (million)	60.8	61.2	61.8	62.4	62.9	63.5	63.9
Labor force (million)	32.6	32.5	32.7	33.2	33.8	34.3	34.7
Unemployment rate (% of labor force)	1.5	4.4	4.2	3.6	3.3	2.4	2.5
B: Economic growth							(Jan-Mar)
GDP at current prices (US\$ billion)	150.9	111.8	122.5	122.4 ^(a)	115.2	126.5	34.1
GDP at constant 1988 prices (US\$ billion)	97.7	66.5	75.9	74.8	68.9	75.1	20.1
Growth rates (%)							
Overall (%)	-1.7	-10.5	4.4	4.6	1.9	5.3	6.7
Agriculture (%)	-0.7	-1.5	2.3	6.4	3.3	0.5 ^(a)	8.1
Manufacturing (%)	1.4	-10.9	11.9	6.0	1.4	7.7 ^(a)	11
Construction (%)	-25.6	-38.3	-6.8	-9.5	-0.9	6 ^(a)	-6.8
Services and others (%)	-0.1	-0.9	0.8	4.4	n/a	n/a	n/a
GDP per capita (US\$)	2,482	1,827	1,982	1,962	1,831	1,992	534
C: Price indicators							(Jan-June)
Consumer prices (% change)							
Whole Kingdom	5.6	8.1 ⁽²⁾	0.3 ⁽²⁾	1.6 ⁽²⁾	1.6	0.7	1.9
Bangkok Metropolis	5.2	7.8 ⁽²⁾	0.4 ⁽²⁾	1.5 ⁽²⁾	1.7	0.5	1.6
D: External account							(Jan-June)
Exports (US\$ billion)	58.3	54.5 ⁽²⁾	58.5 ⁽²⁾	69.6 ⁽²⁾	65.2	68.9	37
(% change)	4.3	-6.6 ⁽²⁾	7.3 ⁽²⁾	19.1 ⁽²⁾	-6.4	5.7	19
Imports (US\$ billion)	63.2	42.4 ⁽²⁾	49.9 ⁽²⁾	62.2 ⁽²⁾	61.8	64.3	34.5
(% change)	-12.5	-32.8 ⁽²⁾	17.6 ⁽²⁾	24.6 ⁽²⁾	-0.6	4.1	15.5
Trade balance (US\$ billion)	-4.9	12.1 ⁽²⁾	8.6 ⁽²⁾	7.4 ⁽²⁾	3.4	4.6	2.5
Current account balance (US\$ billion)	-3.1	14.3 ⁽²⁾	12.5 ⁽²⁾	9.3 ⁽²⁾	6.2	7.6	3.8
(% of GDP)	-2.0	12.7 ⁽²⁾	10.2 ⁽²⁾	7.6 ⁽²⁾	5.4	6.0	n/a
Net capital movements (US\$ billion)	-4.3	-9.7 ⁽²⁾	-7.9 ⁽²⁾	-10.3 ⁽²⁾	-5.1	-4.5	-5.3
Balance of payments (US\$ billion)	-10.6	1.7 ⁽²⁾	4.6 ⁽²⁾	-1.6 ⁽²⁾	1.3	4.2	-1.1
(% of GDP)	-7	1.5	3.8 ⁽²⁾	-1.3 ⁽²⁾	1.1	3.3	n/a
Official reserves (US\$ billion)	27.0	29.5 ⁽²⁾	34.8 ⁽²⁾	32.7 ⁽²⁾	33.0	38.9	
(In months of imports)	5.3	8.3 ⁽²⁾	8.9 ⁽²⁾	6.3 ⁽²⁾	6.4	n/a	n/a
Total debt service ratio (%)	15.7	21.4	19.4 ⁽²⁾	15.4	20.7	18.0	22.9
Public (%)	2.7	3.3 ⁽²⁾	4.0 ⁽²⁾	4.0	8.0	7.9	16.1
Private (%)	13.0	18.1 ⁽²⁾	15.4 ⁽²⁾	11.4	12.7	10.1	6.8
E: Money and banking⁽²⁾							(June)
Money supply (M2) (US\$ billion)	138.3	114.9	128.3	125.3 ⁽²⁾	117.9	125.2	128.9
(% change in baht terms)	16.4	9.5	2.1	3.7 ⁽²⁾	4.2	2.6	1.7
Commercial bank loans (% change)	23.4	-9.7	-4.1	-10.0 ⁽²⁾	-5.8	n/a	3.1
Commercial bank deposits (% change)	16.0	8.8	-0.5	5.3 ⁽²⁾	4.0	2.5	1.2
Interest rates (end of period)							
Prime rate							
Minimum Overdraft Rates (MOR)	15.75-16.00	12.00-12.75	8.50-8.75	8.00-8.75	7.50-8.00	6.50-7.50	5.75-6.75
Minimum Loan Rates (MLR)	15.25	11.50-12.00	8.25-8.50	7.50-8.25	7.00-7.50	6.50-7.00	5.75-6.50
Deposits							(June)
Savings deposits	5.0	4.50	3.00	2.50 ⁽²⁾	1.75	1.50	
F: Public Sector (Fiscal Year Oct-Sept)							(Jan-July)
Government revenue (US\$ billion)	26.5	21	18.9	17.1 ⁽²⁾	17	17.6	11.9
Government expenditure (US\$ billion)	22.7	22.5	21.9	21.2 ⁽²⁾	19.5	20.1	10.8
Fiscal balance (US\$ billion)	3.8	-1.5	-1.1	-4.1 ⁽²⁾	-2.5	-2.5	1.2
(% of GDP)	2.5	-1.6	-0.9	-3.3	-2.2	-2.0	n/a

	1997	1998	1999	2000	2001	2002	2003e (June)
G: Exchange rate⁽²⁾							
(baht per US\$)	31.37	41.37	37.84	40.16	44.48	42.96	42.51
H: Investment⁽³⁾							
BOI approved applications							(Jan-July)
No. of projects	920	648	680	1,111	820	721	417
Investment (US\$ million)	11,277	6,714	3,788	6,520	6,219	3,795	2,792
BOI projects starting up							
No. of projects	479	697	526	625	612	626	141
Investment (US\$ million)	6,387	6,628	4,784	7,121	6,259	4,757	1,242
Corporate securities (end of period)							
SET index	373	356 ⁽⁴⁾	482 ⁽⁵⁾	269	304	356	484
No. of quoted companies	431	418 ⁽⁴⁾	392 ⁽⁵⁾	381	382	389	396
Average monthly turnover (US\$ million)	2,399	1,694 ⁽⁴⁾	3,473 ⁽⁵⁾	1,862	2,895	n/a	n/a
I: Tourist arrivals							
Number of tourists (in thousands)	7,221	7,765 ⁽²⁾	8,651	9,579	10,133	10,873	(Jan-May) 3,743
(% change)	0.4	7.5 ⁽²⁾	11.4	10.7	5.8	7.3	-22.4
Total revenue (US\$ million)	7,037	5,854	6,686	7,103	6,723	n/a	n/a
J: Net foreign direct investment (US\$ million)⁽²⁾							
							(Jan-June)
Total	3,627	5,143	3,562	2,813	3,759	899	515
By country							
USA	780	1,284	641	617	57	-298	-101
Taiwan	133	106	122	159	57	78	18
Japan	1,348	1,485	489	869	1,374	620	251
UK	123	103	183	401	329	221	41
Germany	59	101	289	104	32	8	41
Hong Kong	444	395	233	333	162	33	15
Singapore	271	541	537	358	1,563	1,186	219
Others	469	1,128	1,068	-28	185	-949	484
By sector							
Industry	1,820	2,209	1,268	1,813	2,153	501	226
Trade and services	1,325	1,326	1,527	517	1,055	1,062	189
Construction	163	192	-151	-3	-3	0	19
Mining and quarrying	20	21	-4.2	-275	517	-100	-13
Agriculture	2	0	1	0	2	0	10
Financial institutions	110	842	247	134	-187	-282	-136
Others	187	553	712	627	222	-282	220

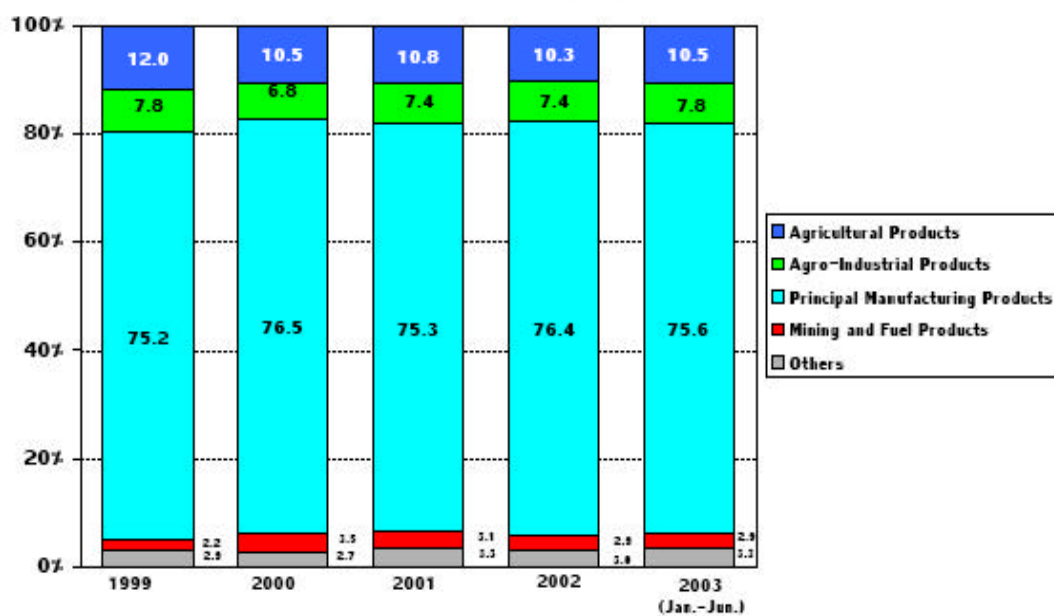
Major Export Market Shares



Note : Figures in graph are shares to total export (in US\$ Term)

Source : Department of Trade Negotiations, Ministry of Commerce

Export Structure



Note : Figures in graph are shares to total export (in US\$ Term)

Source : Department of Trade Negotiations, Ministry of Commerce

